

**REMARKS/ARGUMENTS**

This Amendment is responsive to the Office Action mailed on August 7, 2009.

In this Amendment, claims 15 and 16 are amended, claims 49-50 are added, and claims 21 and 22 canceled, so that claims 1-20 and 44-50 are pending and subject to examination.

Support for the new and amended claims can be found in the specification as originally filed. No new matter has been added.

**I. Claim Rejections under 35 U.S.C §103(a)**

In the pending Office Action, claims 1-22 and 44-48 are rejected under 35 U.S.C. §103(a) as being unpatentable over Powell (U.S. Patent No. 5,956,694) in view of Leonard et al. (U.S. Patent No. 5,903,874). This rejection is traversed.

Initially, it is noted that some of the limitations in the independent claims are allegedly met by the “Official Notice.” See the first paragraph of page 4 of the Office Action. Thus, the basis for the obviousness rejection should be based on Powell, Leonard et al. and Official Notice, and not just Powell and Leonard et al.

**A. Independent Claims 1 and 15**

**1. *Obviousness has not been established, since Powell and Leonard et al. fail to teach or suggest each and every limitation in the claims.***

- a. “a portable token configured to store an electronic coupon and a redemption tally”

Powell and Leonard et al., alone or in combination, do not teach or suggest every limitation of independent claims 1 and 8. To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. Powell and Leonard et al. fail to teach or suggest, *inter alia*, “a portable token configured to store an

electronic coupon and a redemption tally” as recited in the independent claims 1 and 15. Support for this feature is found in paragraph [0026] on page 6 of the specification.

Powell is directed to a system and method for distributing and processing discount coupons (see title and abstract) and automatically applying an electronic coupon to a transaction when a qualifying item is scanned at a checkout counter. The process in FIG. 15 of Powell is generally described at column 9, line 51 to column 10, line 9. In Powell, the process for applying an electronic coupon starts with a customer inserting a customer card into an interface slot. The interface slot resets the customer card by applying a reset signal to the card. In response to the reset signal, the customer card sends a table of coupons to the checkout station, which removes the table from the customer card so that the coupons cannot be redeemed again.

The table of coupons received from the customer card is stored in the memory of the checkout station that checks the table each time a new UPC is scanned to see if there are any applicable coupons to be applied. If a scanned product UPC corresponds to a coupon in the table, the checkout station subtracts the discount as determined by the discount data stored in the table. As described in Powell, the process of applying coupons on the customer card is completely automatic.

In his description of FIG. 15, Powell states the following at column 9, line 60 to column 10, line 7:

CPU 950 causes card interface 925 to reset the card by applying a clock signal to card contact 8423. (If the card is a customer card, the card then answers the reset by sending a block of data, including identification to 8467 and authorization data 8468, through card contact 8472.) CPU 950 then receives the answer to reset from the card (step 2). CPU 950 then sends the data block containing a station type code indicating a checkout station (step 4). CPU 950 then receives the contents of table 8435 in EEPROM 8462 of the customer card, and temporarily stores these table contents in memory 920 of the checkout station (step 5). During step 10005, CPU 950 also causes customer card 295 to remove all entries from list 8435, so the electronic coupons in the list cannot be repeated again.

As noted above, all electronic coupons are “removed” from the customer card 295 in Powell, so Powell not only fails to teach or suggest “a portable token configured to store an electronic coupon and a redemption tally,” it teaches away from it.

Further, Leonard et al. describes a system and method for electronic coupon management using a telephone, and there is clearly no “portable token” that stores an electronic coupon and redemption tally in Leonard et al.

Since neither Powell nor Leonard et al. teaches or suggests a “portable token” that stores an electronic coupon and redemption tally, obviousness has not been established.

**B. Independent Claims 1, 8, and 15**

1. ***Obviousness has not been established, since the reason to combine Powell and Leonard et al. is found in Applicants’ specification, and not the prior art as required by 35 U.S.C. 103.***

Obviousness has not been established, since the reason to combine Powell and Leonard et al. is found in Applicants’ specification, and not the prior art as required by 35 U.S.C. 103. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and must not be based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). MPEP 2142. The Office Action alleges that “it would have been obvious to a person of ordinary skill in the art at the time of Powell’s invention to have included in the memory storage of Powell’s smartcard coupon, a tally for the times that the coupon has been redeemed and updating the redemption tally every time the coupon has been redeemed as taught by the file of Leonard et al., because such a modification would allow the portable token (smart card of Powell) to internally keep track in each smartcard of the times the coupon has been redeemed and therefore will provide versatility and portability.” The Examiner admits at page 3 of the Office Action that Powell does not teach the redemption tally feature and therefore Powell cannot teach this reasoning. Leonard et al. also fails to teach this feature, and the Examiner fails to indicate where this reasoning can be found in Leonard et al. Leonard et al. discloses what appears to be a telecommunications

system for redeeming coupons. It clearly does not teach, or suggest, keeping track of a tally on a smartcard, let alone the specific reasoning for combining Powell and Leonard et al. While the prior art does not teach or suggest this reasoning, the present specification does teach or suggest this reasoning. For example, paragraph [0012] of the specification states:

The present invention as described herein provides a number of benefits and advantages. For example, merchants would benefit from the use of the present invention since rules enforcement can be automated and applied at the token level. This reduces transaction time and the burden on clerks. Furthermore, the risk of coupon rejection by the program sponsor due to illegal and/or repeated use of a specific reward can be mitigated.

Since the reason to combine Powell and Leonard et al. was taken from the present specification and not the prior art as required by 35 U.S.C. 103, obviousness has clearly not been established.

In response, the Examiner states the following:

7. In response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986). Powell teaches a smart card containing electronic coupons and Leonard teaches on Figure 12, tallying the coupons to determine if the coupon has reached its maximum number of usages in order to determine if it can be applied to the transaction and updating the file every time the coupon has been redeemed. The combination of the references teach a portable token (Powell) storing redemption tally (Leonard) it would make sense and would have been obvious to have modified Powell with the teachings of Leonard of storing redemption tally in order to allow the Smartcard of Powell to read the redemption information right from the smartcard's memory and avoid the use of using multiple devices to carry out the redemption functions.

The Examiner responds by stating that one cannot attach the references "individually."

This response is inadequate. First, Applicants are not attacking the references "individually," but are attacking the improper *combination* of references. Second, the Examiner's response is not relevant to Applicants' argument that the reason to modify Powell cannot be found in the prior art. If the Examiner could simply fabricate a reason for combining the references years after Applicants' filing date, then nothing would be patentable, since the

Examiner could simply use the reasoning in Applicants' own specification to reject Applicants' own claims.

2. ***Obviousness has not been established, since modifying Powell in the manner suggested by the Examiner would render Powell unsatisfactory for its intended purpose.***

Obviousness has not been established, since modifying Powell in the manner suggested by the Examiner would render Powell unsatisfactory for its intended purpose. Powell not only does not teach or suggest a portable token configured to store a redemption tally as recited in the independent claims, but modifying the customer card of Powell with the file that tracks the number of times a coupon has been used (as allegedly described in Leonard et al.) would render the customer card in Powell unsatisfactory for its intended purpose. If [the] proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984). Storing a tally on the customer card of Powell would result in a card that stores coupons that can be used more than once. Such usage is contrary to the intended purpose of Powell, which is that all coupons on the customer card are to be erased each time the customer card is presented for redemption to prevent fraud and repeated use. In his description of FIG. 15, Powell states the following at column 9, line 60 to column 10, line 7:

CPU 950 causes card interface 925 to reset the card by applying a clock signal to card contact 8423. (If the card is a customer card, the card then answers the reset by sending a block of data, including identification to 8467 and authorization data 8468, through card contact 8472.) CPU 950 then receives the answer to reset from the card (step 2). CPU 950 then sends the data block containing a station type code indicating a checkout station (step 4). CPU 950 then receives the contents of table 8435 in EEPROM 8462 of the customer card, and temporarily stores these table contents in memory 920 of the checkout station (step 5). During step 10005, CPU 950 also causes customer card 295 to remove all entries from list 8435, so the electronic coupons in the list cannot

be repeated again.

By completely removing all entries from the table of coupons stored on the customer card each time the customer card is inserted into an interface slot to prevent the coupons from being used more than once, Powell implies that no coupon on the customer card can be used more than once. Thus, modifying Powell in the manner proposed by the Examiner would frustrate the intended purpose of Powell, and Powell actually teaches away from the modification proposed by the Examiner.

The Examiner responds by stating the following:

8. Applicant argues that Powell teaches away from storing the tally on the consumer's smartcard because Powell teaches erasing each time the customer card is presented for redemption in order to prevent fraud. The Examiner disagrees with Applicant because Powell like Leonard want to prevent fraud by preventing the coupons to be presented more than once, by combining Powell with the teachings of Leonard, Powell's system will be enhanced further by preventing fraud by allowing to keep records of the coupons that are redeemed and their corresponding information.

While the Examiner alleges that one would have combined Powell and Leonard et al. to “prevent fraud,” Applicants submit that this is not responsive to Applicants’ argument that the references teach away from each other. Further, the Examiner’s reasoning to “prevent fraud” is also not present in the cited prior art, and the rejection is improper for yet another reason.

3. ***Neither Powell nor Leonard et al. teaches or suggests the limitation the “token acceptance device automatically resolves any redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons.”***

Applicants respectfully submit that the obviousness rejection is improper for the reasons provided above. However, claim 1 recites a system comprising, *inter alia*, a “token acceptance device automatically resolves any redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons.” Independents 8 and 15 recite similar limitations. On page 4, the Office Action implicitly acknowledges that neither Powell nor Leonard et al. teach or suggest such a limitation, and states:

Official Notice is taken that it is old and well known to resolve conflicts such as conflicts between coupons presented to be redeemed. For example, if a customer presents two coupons with the same serial number or SKU or UPC the system will determine if that particular serial number or SKU or UPC pertaining to that particular coupon has been previously redeemed. It would have been obvious to a person of ordinary skill in the art to use the same principle of checking the serial number, SKU and UPC data on paper coupons and electronic coupons in order to avoid fraud.

Pursuant to MPEP §2144.03, Applicants challenge the Examiner's taking of Official Notice in each and every instance that this is done in this Office Action and in future Office Actions. Applicants further request that the Examiner find a prior art reference to support an allegation that a feature that is present in the claims is "well known." If such feature is in fact "well known" in the art, then it should not be too burdensome for the Examiner to find and cite such references. Even if the Examiner can find a reference teaching an element for which Office Notice is taken, the reference may not be combinable with the other cited references or may teach away from the combination. Thus, Applicants cannot determine if the Examiner has satisfied his burden of establishing obviousness, unless prior art is cited to meet the claim limitations.

The Examiner responds to this argument by stating the following:

9. With respect to the Official Notice taken on resolving any redemption conflict associated with a concurrent redemption of the electronic coupon and other coupons, the Examiner has provided examples of the well known facts and Appellant hasn't provided a proper challenge that would at least cast reasonable doubt that the known facts weren't known prior to Applicant's invention. Therefore the Official notice is sustained. See MPEP 2144.03.

MPEP section 2144.03(c) states that "[t]o adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art." The MPEP defines an inadequate traversal, stating: "[a] general allegation that the claims define a patentable invention without any reference to the examiner's assertion of official

notice would be inadequate.” MPEP 2144.03(c) (emphasis added). In *Chevenard*, the case cited by the MPEP as an example of an inadequate traversal, the applicant made no argument whatsoever to contradict the Examiner’s holding and thus, the Board held that “in the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention.” *In re Chevenard*, 139 F.2d 711, 713, 60 U.S.P.Q. 239 at 241 (emphasis added).

In the present case, the Examiner states that Applicants have stated their traversal on the record, but “hasn’t provided a proper challenge that would at least cast reasonable doubt that the known facts weren’t prior to Applicant’s invention.” Applicants’ traversal of the Examiner’s assertion of Official Notice was adequate. Not only did Applicants’ arguments reference the Examiner’s assertion of Official Notice and ask the Examiner to produce authority for her statement, Applicants specifically outlined why the assertion was not proper. See page 11 of Applicants’ Amendment mailed on May 26, 2009.

In sum, Applicants argued that the taking of Official Notice was improper because even if the Examiner could find a reference teaching a limitation for which Official Notice is taken, it may not be combinable with the other cited references (for example, two other references were cited in addition to Official Notice) or may teach away from the combination. Without a specific reference, Applicants cannot determine whether or not obviousness had been established.

Once Applicant has traversed the Examiner’s assertion of Official Notice, “the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained.” MPEP 2144.03(c). Applicants again respectfully request that the Examiner provide a specific reference that discloses the features in these claims or withdraw the rejection.

It appears to be the position of the Examiner that it is Applicants’ burden to prove that the claim limitations do not exist in the prior art. However, as explained by MPEP 2142 “The examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness.” The Examiner’s request to Applicants to prove why the limitations would not have existed in the prior art, improperly shifts the burden of proof for establishing obviousness to Applicants. Consequently, the rejection is improper for yet another reason.



**C. Dependent Claim 2-7, 9-14, 16-20 and 44-50**

Dependent claims 2-7, 9-14, 16-22 and 44-48 are allowable, because they depend from patentable independent claims and recite additional features not shown in the art.

In conclusion, Applicants believe all claims now pending in this Application are in condition for allowance, and respectfully request the issuance of a Notice of Allowance.

Respectfully submitted,



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